Synopsis

On

"A Study of impact of Goods and Service Tax on Hotel Industry in Mumbai Region"

[From 2017-18 to 2022-23]

Submitted to

Swami Ramanand Teerth Marathwada University, Nanded

स्वामी रामानंद तीर्थ मराठवाडा विद्यापीठ, नांदेड.

For the Award of
Degree of Doctor of Philosophy (Ph.D.)
In the subject of Commerce
Under the Faculty of Commerce and Management

Submitted by

By

Mr. Sanjay Chandralal Premchandani
Asst. Professor
M.COM, SET, B.ED, LLB, ICWA (INTER)
VES College of Arts, Science and Commerce, Chembur

Under the Guidance of

Dr. S.B. Adkine (Associate Professor and Research Guide)
M.Com., M.Phil., PH.D
Shri Datta College, Hadgaon, Nanded

May 2019

"A Study of impact of Goods and Service Tax on Hotel Industry in Mumbai Region"

1. Introduction:

The President of India approved the Constitution Amendment Bill for Goods and Services Tax (GST) on 8 September 2016, following the bill's passage in the Indian parliament and its ratification by more than 50% of state legislatures. This law will replace all indirect taxes levied on goods and services by the central government and state government and implement GST by July 2017. The implementation of GST will have a far-reaching impact on almost all the aspects of the business operations in India. With more than 140 countries now adopting some form of GST, India has long been a stand-out exception. GST is a value-added tax levied at all points in the supply chain, with credit allowed for any tax paid on input acquired for use in making the supply. It would apply to both goods and services in a comprehensive manner, with exemptions restricted to a minimum.

In keeping with the federal structure of India, it is proposed that the GST will be levied concurrently by the central government (CGST) and the state government (SGST). It is expected that the base and other essential design features would be common between CGST and SGSTs for individual states. The inter-state supplies within India would attract an integrated GST (IGST), which is the aggregate of CGST and the SGST of the destination state.

The following are the salient features of the proposed GST system:

1. The power to make laws in respect of supplies in the course of inter-state trade or commerce will remain with the central government. The states will have the right to levy GST on intrastate transactions, including on services.

2. The administration of GST will be the responsibility of the GST Council, which will be the apex policy-making body for GST. Members of GST Council will comprise central and state ministers in charge of the finance portfolio.

3. The central government will levy IGST on inter-state supply of goods and services. Import of goods will be subject to basic customs duty and IGST.

4. GST is defined as any tax on supply of goods and services (other than on alcohol for human consumption).

5. Central taxes such as central excise duty, additional excise duty, service tax, additional custom duty and special additional duty, as well as state-level taxes such as VAT or sales tax, central sales tax, entertainment tax, entry tax, purchase tax, luxury tax and octroi will be subsumed in GST.

6. A provision will be made for removing imposition of entry tax/ octroi across India.

7. Entertainment tax, imposed by states on movies, theatre, etc., will be subsumed in GST, but taxes on entertainment at panchayat, municipality or district level will continue.

8. Stamp duties, typically imposed on legal agreements by states, will continue to be levied.

The key benefits associated with GST are:

1. Offers a wider tax base, necessary for lowering tax rates and eliminating classification disputes.

2. Eliminates the multiplicity of taxes and their cascading effects.

3. Rationalizes the tax structure and simplifies compliance procedures.

4. Automates compliance procedures to reduce errors and increase efficiency.

GST would be levied on the basis of the destination principle. Exports would be zero-rated, and imports would attract tax in the same manner as domestic goods and services. The revenue from this tax is to be assigned to the origin states. This tax is proposed to be levied for the first two years or a longer period, as recommended by the GST Council. With GST, it is anticipated that the tax base will be comprehensive, as virtually all goods and services will be taxable, with minimum exemptions. GST would bring in a modern tax system to ensure efficient and effective tax administration. It will bring in greater transparency and strengthen monitoring, thus making tax evasion difficult.

While the process of implementation of GST unfolds in the next few months, it is important for industry to understand the impact and opportunities offered by this reform. GST will affect all industries, irrespective of the sector. It will impact the entire value chain of operations, namely procurement, manufacturing, distribution, warehousing, sales and pricing.

2. Significance of research:

2.1 Governments:

Hotel industry play vital role in improving country's national income. GST will affect hotel industry positively and negatively. Accurate GST rate should be charged by government on services and food provided by hotels; otherwise it may have negative impact on national income, Gross Domestic Product, Employment and Per Capita Income of the country.

2.2 Economy : GST will simplify India's tax structure, broaden the tax base, and create a common market across states. This will lead to increased compliance and increase India's tax to gross domestic product ratio. According to a report by the National Council of Applied Economic Research, GST is expected to increase economic growth by between 0.9 per cent and 1.7 per cent. Exports are expected to increase by between 3.2 per cent and 6.3 per cent, while imports will likely raise 2.4-4.7 per cent. Hence, it is necessary to study how it will impact on Hotel Industry.

2.3 Hotels: GST is a single indirect tax on bills of food and accommodation of customers in Hotels. It will affect income, sale of food, services and accommodation rates of Hotels. Therefore, study of impact of Hotel Industry is inevitable.

2.4 Customers: GST helps in improving customer base of Hotel Industry as it is a single indirect tax charged on bills of customers. Hence, study is significant.

3. Objectives of the study:

- ✓ To explore knowledge about Goods and Service Act.
- ✓ To examine the impact of GST on cost of rooms of Hotels.
- ✓ To understand impact of GST on cost of food served by hotels.
- ✓ To understand impact of GST on Quality of services provided to customers & their satisfaction.
- ✓ To Study the impact of GST on financial performance of Hotel industry.
- ✓ To study the impact of GST on input tax credit available to hotel industry.

4. Hypotheses:

H0: Cost of rooms and Food have not increased after implementation of GST.

H1: Cost of rooms and Food have increased after implementation of GST.

H0: Quality of Services has not improved after GST in Hotels.

H1: Quality of Services has improved after GST in Hotels.

H0: Financial Performance has not improved after implementation of GST in Hotel Industry.

H1: Financial Performance has improved after implementation of GST in Hotel Industry.

H0: Sale of food has not increased after implementation of GST in Hotel Industry.

H1: Sale of food has increased after implementation of GST in Hotel Industry.

H0: After GST, Input Tax Credit is not available to Hotels.

H1: After GST, Input Tax Credit is available to Hotels.

5. Research Methodology:

Sources and Methods of Data Collection:

Primary data will be collected from 500 Hotels in Thane and Mumbai Region. Data will be collected through Schedules from 500 Managers and 500 Customers by questionnaires.

Secondary Data will be collected from Newspaper, Journal, Magazines and Books and Thesis.

Sample Size will be 10% of the Universe (5000 Hotels). Appropriate statistical tools will be used for data analysis such as Likert Scale, Chi-Square Method etc.

Scope of the Study:

The scope of the present study is restricted to 3 star hotels and restaurants' in the Mumbai region (Kalyan to Mumbai) and Customers in the Mumbai region (Kalyan to Mumbai). The study covers data for 2017, 2018 and 2019. [From 2017-18 to 2022-23]

6. Limitations of research:

The following may be the limitations of this research project:

Data will be collected from 500 Hotel Managers working in hotels of Mumbai region and 500 customers. Hence, the findings cannot be generalized. The research will based upon the information collected from various books, Journals and Magazines.

The author will try the best of his abilities to get the closest information to make the research as authentic as possible considering the time, money and resources constraints.

7. Review of Literature:

i) IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668 PP 49-52www.iosrjournals.org Taxation in India – Recent Trends & Developments 49 |Page Organized by Amrita Vishwa Vidyapeetham, Mysore Campus on the topic "A Study on the Problems of Goods and Services Tax on Hotel Industry in Mysore District" by Shana and Rohit Bhat Department of management and commerce Amrita vishwa vidyapeetham,Mysuru- As per the analysis interpreted, it has been found that the impact of GST on the customers have an effect mainly to their income , gender and age . As we come to the age factor, it has been understood that both male and female respondents have same notion of thinking in regard with the GST rates and its impact on various hotels. Coming to the income level, it can be inferred that the customers have an opposed mindset towards the GST rates in various hotels . It is also shown that the lower income people are facing financial burden in paying higher GST in very localised hotels.

ii) Pacific Business Review International Volume 9 Issue 8, Feb. 2017 On the topic "Measuring Awareness about Implementation of GST: A Survey of Small Business Owners of Rajasthan" by Vineet Chouhan, Pushpkant Shakdwipee and Shagufta Khan - As per the objectives of paper the level of awareness towards GST among the small business owners in Rajasthan state, it was found that the main areas to be focused include Training and Computer software availability. Most of the respondents have predicted that issues like Client/customer refuse to pay GST and having problem to submit report to Authority will be increased. The Small business owners are also more interested in making and joining Training rather redressing for the grievances by using consumer protection law.

iii) International Journal of Innovative Research and Advanced Studies (IJIRAS) Volume 5 Issue 3, March 2018 ISSN: 2394-4404 on the topic "Impact Of GST On Different Sectors Of Indian Economy" by Dr. Meenu Baliyan Punjika Rathi : GST will give Indian economy a strong and smart tax system for economic development. But for

gaining those benefits country will need to build strong mechanism. The objective GST is to replace VAT; GST will be solving all the complexities present in the current indirect tax system. It will be giving relief to various parties like consumers, producers and Government.

iv) ISSN. 0972 – 8406 The NEHU Journal, Vol XIV, No. 1, January - June 2016, pp. 51-67 on the topic "Transition to Goods and Services Tax (GST) Regime: Rationale and Impasse" by SANJOY ROY GST is proven to be better tax structure because it is buoyant, elastic and efficient. GST is buoyant because tax revenue as a proportion of GDP will register an upward trend. It is elastic because the tax revenue will increase due to variation in coverage and rate of taxation. It is seen as efficient because cost of collection will be less and economic distortions will be minimum.

v) International Journal of Research in Economics and Social Sciences (IJRESS) Available online at: http://euroasiapub.org Vol. 7 Issue 9, September- 2017, pp. 28~39 ISSN(o): 2249-7382 Impact Factor: 6.939 Ms. Himani1 Dr. Meenu Jain2 on the topic " GST- A Driver of India's Economic Growth" – A well-designed GST is an attractive method to get rid of deformation of existing process of multiple taxation. The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure.. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate.

8. Chapter Scheme:

The Researcher will prepare his research report in detail. The scheme of report will be as follows:

Chapter-1 Introduction:

This chapter contains history, features and benefits of GST Act. It also contains objectives, hypotheses and research methodology of the research topic.

Chapter -2 Review of Literature:

This chapter includes brief description/findings/suggestion/conclusion of research papers and thesis on the research topic.

Chapter -3 Goods and Service Tax Act:

This chapter contains provision of GST Act, 2017 such as definitions, title, Time of Supply, Place of Supply, Exempt Goods and Services, Input Tax Credit, Composition Scheme, Registration, GST Liability, SGST, CGST, IGST and UTGST.

Chapter- 4 Impact of GST on Hotel Industry in Mumbai region:

It includes data relating to different questions asked to respondents. Data will be analyses and interpreted through different statistical tools like Chi-square method, Likert scale, graphs, diagrams and tables.

Chapter -5 Findings, Conclusions and Suggestions:

This chapter contains findings, conclusions and suggestions of the research topic ""**A Study of impact of Goods and Service Tax on Hotel Industry in Mumbai Region".**

Chapter - 6 Bibliography & Annexure:

This chapter includes details of books, journals, magazines, study materials, research papers, web sites and thesis referred by the research scholar. It also includes annexure such as GST registration forms, questionnaire, Chart etc.

9. Bibliography:

9.1 Books:

Datey, V. (2018). *GST Input Tax Credit .*

Datey, V. (2018). *Principles of GST & Customs law by V.S. Datey.*

Gupta, S. S. (2018). *GST Audit- How to meet your obligations.*

Haldia, C. A. (2019). *GST made easy: Answer to all your queries on GST .*

Prabhu, C. S. *GST Knowledge to Grow your Business.*

Salim, C. M. (2017). *GST on Services.*

Singhania, A. (2018). *GST Audit & Annual return.*

Singhania, A. (2018). *GST Practice Manual with GST Audit.*

9.2 Journals:

Deo, A. (2017). Goods & Services Tax (GST) -Impact analysis & Road ahead. *IBMRD's Journal of Management & Research , 6*.

Gupta, M. B. (n.d.). Impact on GST on Indian Economy. *Journal of Engineering and Management Research* , 143-148.

Rathi, D. M. (2018). Impact of GST on Different Sectors of Indian Economy. *International Journal of Innovative Research and Advanced Studies (IJRAS) , 5*.

Vasantha, A. K. (2018). The Recital Relationship between Share Price of Indian Industries during the GST Implementation. *Asian Journal of Mangerial Science , 7*, 21-26.

9.3 Web sites:

https://cleartax.in/s/gst-law-goods-and-services-tax

https://en.wikipedia.org/wiki/Goods_and_Services_Tax_(India)

gstcouncil.gov.in/sites/default/files/CGST.pdf

https://www.taxmann.com/blogpost/2000000031/what-is-gst-goods-and-services-tax-in-india.aspx

9.4 Thesis:

Dhond, S. S. (2010, June). Impact of Sales Tax, VAT & GST on the Profitability of Organizations. D Y Patil University, Mumbai, Maharashtra.

Research Student	**Research Guide**
Mr. Sanjay Premchandani	**Dr. S.B. Adkine**